

Message Text

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ACTION EUR-25

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AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: ENRG, AU, IR

SUBJECT: ENERGY: AUSTRO-IRANIAN TALKS ON OIL AND
COMMERCIAL COOPERATION

REF: VIENNA 005

BEGIN SUMMARY. AUSTRIAN DELEGATION OF GOVERNMENT AND
BUSINESS LEADERS, HEADED BY TRADE MINISTER STARIBACHER,
RECENTLY VISITED TEHRAN FOR TALKS ON ENERGY AND CLOSER
ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES. TALKS
WERE EXPLORATORY; NO FINAL AGREEMENTS WERE CONCLUDED
OR EXPECTED. TEHRAN VISIT IS LATEST EXAMPLE OF AUSTRIAN
POLICY OF ESTABLISHING CLOSER TIES WITH OIL PRODUCING
STATES AS WELL AS BROADENING ITS TRADE AND INVESTMENT
OPPORTUNITIES IN THE THIRD WORLD. END SUMMARY

1. AUSTRIAN DELEGATION WHICH VISITED IRAN LATE FEB.
AND EARLY MARCH DISCUSSED CARIOUS INDIVIDUAL AND JOINT
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INVESTMENT VENTRUES. TALKS WERE HELD IN FORMAT OF

THIRD MEETING OF AUSTRO-IRANIAN MIXED COMMISSION (PREVIOUS MEETINGS HELD IN 1970 AND 1971). ACCORDING TO TRADE MINISTER STARIBACHER, THREE MAJOR POSSIBLE PROJECTS WERE DISCUSSED: ERECTION OF CRUDE OIL REFINERY IN AUSTRIA FOR PRODUCTION OF PETROCHEMICAL FEED STOCKS WITH IRANIAN PARTICIPATION; AUSTRIAN PARTICIPATION IN DOWNSTREAM OPERATION OF AN IRANIAN CRUDE OIL REFINERY; AND POSSIBLE AUSTRIAN ASSISTANCE IN CONSTRUCTION IN IRAN OF A SPECIALTY STEEL PLANT WITH CAPACITY OF FIFTY THOUSAND METRIC TONS PER ANNUM.

2. AUSTRIAN REPRESENTATIVES REPORTEDLY STRESSED THAT IRANIAN PARTICIPATION IN A POSSIBLE AUSTRIAN REFINERY PROJECT WILL DEPEND ON IRANIAN READINESS TO SUPPLY ADEQUATE QUANTITIES OF CRUDE OIL REQUIRED FOR OPERATION OF A REFINERY WITH ANNUAL THROUGHPUT CAPACITY OF ABOUT FIVE MILLION METRIC TONS. THIS PROJECT, IF IT MATERIALIZES, NOT EXPECTED BEFORE LATE 70'S OR EARLY 80'S.

3. RE AUSTRIAN PARTICIPATION IN IRANIAN SPECIALTY STEEL PROJECT, WE UNDERSTAND SOME AUSTRIAN PARTICIPANTS IN THE TALKS BELIEVE THAT CAPACITY OF 50 THOUSAND METRIC TONS IS TOO LARGE FOR AUSTRIAN RESOURCES AND WERE ALSO CONCERNED THAT IRANIAN PLANT OF THIS TYPE AND SIZE WOULD COMPETE WITH AUSTRIAN EXPORTS OF SPECIALTY STEELS ON WORLD MARKETS.

4. FEASIBILITY OF AUSTRIAN IMPORTS OF IRANIAN NATURAL GAS, EITHER BY PIPELINE OR IN LIQUIFIED FORM, ALSO DISCUSSED, ACCORDING TO TRADE MINISTER.

5. OTHER TOPICS DEALT WITH POSSIBLE COOPERATION IN FIELDS OF ARTIFICIAL IRRIGATION, INDUSTRIAL FURNACE CONSTRUCTION, WATER TREATMENT, ROLLING MILL EQUIPMENT, WORSTED WOOL SPINNING AND WAVING, AND AGRICULTURE (POSSIBLE AUSTRIAN PARTICIPATION IN MEAT AND DAIRY PRODUCTION FACILITIES IN IRAN). IRANIAN INTERESTS IN IMPORT OF AUSTRIAN GOODS, INCLUDING ROLLING STOCK, RAILS, STEEL, PAPER, CHEMICALS AND TIRE RAYON WERE LIMITED OFFICIAL USE

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ALSO ON AGENDA.

6. COMMENT: FOREIGN MINISTRY SOURCES CONFIRM THAT AUSTRIAN VISIT TO TEHRAN WAS PURELY EXPLORATORY; FINAL AGREEMENTS WERE NEITHER CONCLUDED NOR ANTICIPATED. WE UNDERSTAND TALKS AROSE OUT OF SHAH'S VISIT HERE IN DECEMBER.

7. DIRECTOR GENERAL BAUER OF AUSTRIAN OIL ADMINISTRATION, IN COMMENTING TO ECONOMIC COUNSELOR, DOWNPLAYED SIGNIFICANCE OF THE TEHRAN TALKS AS FAR AS OIL IS CONCERNED. BAUER HIMSELF DECLINED TO GO TO TEHRAN SINCE HE SAW NO PROSPECTS OF ANYTHING IMPORTANT COMING OUT OF THE TALKS. HE THOUGHT THAT CONCEIVABLY TOWARD THE END OF THE DECADE SOME AUSTRO-IRANIAN COOPERATION OF A REFINERY PROJECT IN AUSTRIA MIGHT DEVELOP. APPARENTLY AUSTRIANS GOT NO ASSURANCES OF ANY INCREASE IN OIL DELIVERIES FROM IRAN. AUSTRIAN OFFICIALS HAVE STRESSED TO US THAT NO BARTER DEALS WILL BE CONCLUDED WITH IRANIANS IN ANY EVENT.

8. SIGNIFICANCE OF TEHRAN VISIT LIES IN BROADER CONTEXT OF AUSTRIA'S RELATIONS WITH OIL PRODUCING COUNTRIES. AUSTRIA HAD SIMILAR EXCHANGE OF VISITS IN PAST YEAR WITH IRAQ, AND TEHRAN VISIT, WE SUSPECT, MAYBE FOLLOWED BY SIMILAR DISCUSSIONS WITH OTHER OIL PRODUCING STATES. AIM OF THESE TALKS IS PARTLY TO INSURE AND POSSIBLY INCREASE SUPPLY OF OIL AND/OR GAS TO AUSTRIA BY MAINTAINING A POSTURE OF CLOSE AND FRIENDLY COOPERATION. AUSTRIANS ARE ALSO GENUINELY INTERESTED IN TRADE, INVESTMENT, AND JOINT VENTURE OPPORTUNITIES IN THESE COUNTRIES, QUITE APART FROM ENERGY SUPPLY CONSIDERATIONS. VISITS OF THIS KIND ALSO PART OF LARGER OBJECTIVE OF AUSTRIAN FOREIGN POLICY, WHICH IS TO CULTIVATE CLOSER TIES WITH THIRD-WORLD COUNTRIES GENERALLY, PARTICULARLY IN NEAR EAST. TRINKA

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